

Message Text

LIMITED OFFICIAL USE

PAGE 01 ZAGREB 00148 271453Z

41

ACTION EUR-06

INFO OCT-01 ISO-00 EB-05 XMB-01 DRC-01 RSC-01 /015 W

----- 053831

P R 271245Z FEB 74

FM AMCONSUL ZAGREB

TO USDOC WASHDC PRIORITY

INFO SECSTATE WASHDC 2324

AMEMBASSY BELGRADE

LIMITED OFFICIAL USE ZAGREB 0148

PASS ALSO EXIM BANK

E.O. 11652: N/A

TAGS: ETRA, YO

SUBJECT: FOUNDRY EXPANSION IN SLAVONSKA POZEGA

SUMMARY: MAJOR YUGOSLAV FOUNDRY SEEKS US BIDS/CREDITS FOR PLANT EXPANSION INVOLVING \$4-5 MILLION IMPORTED EQUIPMENT. FOUNDRY REQUESTS USG ASSISTANCE ASCERTAIN INTERESTS SHALCO SYSTEMS OF CLEVELAND OR OTHER POTENTIAL US BIDDERS IF SHALCO NOT INTERESTED. END SUMMARY

1. FRANJO PAVLOVIC, COMMERCIAL DIRECTOR, LJEVAONICA ZELJEZA I TVORNICA STROJEVA (IRON FOUNDRY AND MACHINE FACTORY) OF SLAVONSKA POZEGA SOUGHT OUR ASSISTANCE FEB 26 CONNECTION FIRM'S PLANS ADD TWO NEW CASTING LINES, PRODUCTION CAPACITY 20,000 TONS ANNUALLY. RELATED PROCESSING MACHINERY AND NEW SAND REGENERATION FACILITIES ALSO REQUIRED. FIRM, WHICH SIGNIFICANT HARD CURRENCY EXPORTER (INCLUDING US), DEFINITELY WISHES PURCHASE IN WEST SINCE POLISH EQUIPMENT RECENTLY PURCHASED HAS NOT PERFORMED AND BEING WRITTEN OFF. PAVLOVIC PARTICULARLY INTERESTED POSSIBILITIES FINANCING.

2. POZEGA FOUNDRY, WHICH ALSO OFTEN REFERRED TO BY TRADEMARK OF ITS PRODUCTS "PLAMEN," ONE OF YUGOSLAVIA'S LEADING FOUNDRIES, CURRENTLY PRODUCING 20,000-TONS CASTINGS, 33 PER CENT OF WHICH RADIATORS. EXPECTS EXPORT 5000-TONS PRODUCT THIS YEAR ALONE

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 ZAGREB 00148 271453Z

TO US FIRM HEARTH CRAFT, INC., OF OREGON AND HAS JUST REPORTEDLY

SIGNED CONTRACT MAKE SOLID-FUEL ROOM HEATERS FOR MONTGOMERY WARD. SO FAR HAS RECEIVED THREE BIDS (TWO WEST GERMAN, ONE ITALIAN) FOR NEW EXPANSION. STILL HOPING TO HEAR FROM US AND UK. ACCORDING PAVLOVIC, PLAMEN'S REPRESENTATIVES MET ON DEC 8, 1973, IN BELGRADE WITH GLENN S. MARKS, DIRECTOR FOUNDRY PLANNING-DESIGN, SHALCO SYSTEMS, CLEVELAND, WHO EXPRESSED INTEREST MAKING BID WHICH, HOWEVER, NOT YET RECEIVED.

3. PAVLOVIC STRESSED THREE CONSIDERATIONS:

A. TECHNOLOGICAL EFFICIENCY: INSTEAD OF PRODUCING 20,000 TONS WITH 2000 WORKERS--FOLLOWING INSTALLATION NEW LINES AND PHASING DOWN SOME OBSOLETE FACILITIES--PLAMEN WANTS PRODUCE 30,000 TONS WITH 1,500 WORKERS.

B. CREDIT: ESPECIALLY BECAUSE OF LOSS TAKEN IN CONNECTION POLISH EQUIPMENT, PLAMEN WANTS TO ORGANIZE MAXIMUM LONG-TERM FINANCING AVAILABLE.

C. DELIVERY TERM: PLAMEN WANTS TO GET NEW EQUIPMENT IN PLACE WITHIN ONE YEAR IF POSSIBLE. (COMMENT: FURNACE AS WELL AS BUILDINGS ALREADY IN PLACE.)

4. PAVLOVIC OBSERVED THAT AT LEAST ONE GERMAN BID (WITH 18-24-MONTH DELIVERY WAIT) LIKELY BE RULED OUT FOR SLOWNESS. ITALIAN BID OFFERED 10-YEAR CREDIT (FAVORABLE) BUT COVERING ONLY 85 PER CENT. PAVLOVIC PARTICULARLY INTERESTED IN OUR POSSIBLE HELP FACILITATING 100 PER CENT US FINANCIAL OFFER, NOTING THAT FIRM MIGHT BE ABLE OFFER ITS US EXPORT EARNINGS AS COLLATERAL. THEN FIRM COULD PICK BIDDER FREELY.

5. SINCE IMPORTED EQUIPMENT GREATEST ELEMENT PLANNED EXPANSION, ECONOMIC-COMMERCIAL OFFICER STRESSED RELEVANCE EXPORT CREDITS SUCH AS EXIM AND THEREFORE IMPORTANCE OBTAINING GOOD US BID; SUPPLEMENTARY FINANCIAL CREDITS USING US EARNINGS AS COLLATERAL COULD THEN BE APPLIED FOR SUBSEQUENTLY. PAVOLIC APPRECIATED THIS LOGIC, REQUESTED OUR GOOD OFFICES GETTING STATUS REPORT FROM SHALCO, AND INFORMING ANY OTHER COMPETENT US BIDDER IF SHALCO NOT INTERESTED. US FIRMS CAN OBTAIN COMPLETE PROJECT DOCUMENTATION BY TELEXING PAVLOVIC:
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 ZAGREB 00148 271453Z

23449 YU PLAMEN.

6. ACTION REQUESTED: USDOC REQUESTED TAKE ACTION INDICATED, ADVISE POST. IN VIEW PLAMEN'S STRONG ORIENTATION TOWARD US MARKET, BELIEVE THIS CASE WHERE STRONG EFFORT INVOLVE US CAPITAL GOODS PRODUCER PARTICULARLY JUSTIFIED. DECLASSIFY UPON RECEIPT.
WILSON

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE PROMOTION, PROPOSALS (BID), FOUNDRIES, INDUSTRIAL INVESTMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 27 FEB 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974ZAGREB00148
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: ZAGREB
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974024/aaaaadtz.tel
Line Count: 115
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 08 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08 JUL 2002 by kelleyw0>; APPROVED <09 JUL 2002 by morefirh>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FOUNDRY EXPANSION IN SLAVONSKA POZEGA SUMMARY: MAJOR YUGOSLAV FOUNDRY SEEKS US BIDS/CREDITS FOR PLANT
TAGS: ETRD, YO, US
To: COM
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005